

Wealth Markets and Commerce

Finance - Economics

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WEEKLY SUMMARY ON STANDARD OIL ISSUES ON REQUEST

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War news completely dominated the security markets of the past week. On Monday the long-awaited German drive was begun on the Marne front and to the east of Rheims. Although the German effort gained only minor successes and there were evidences that the drive was not proceeding according to schedule owing to the stalwart resistance of the French and American armies, the markets were kept under restraint pending the outcome of the struggle.

But on Thursday the entire complexion of the war news suddenly changed with the thrilling news that Franco-American forces had launched a strong counter offensive on the west flank of the Germans. The splendid results of this operation, the first of the kind undertaken by General Foch this year, stimulated optimism and caused an all around improvement in marketwise sentiment. It has, of course, been felt all along that the intervention of a strong American fighting force in France would ultimately turn the tide of battle in favor of the Allies, but in the meantime there was naturally some apprehension over the ability of the Allies to withstand the assaults of an enemy desperately striving to reach a decision before the end of the year. While it is perhaps yet too early to say that the offensive has passed from the Germans to the Allies, it cannot be denied that the position of the Allied armies is now more favorable than it has been for a long time.

In the week's stock market the volume of activity was not large and price changes were accomplished with more or less ease, although selling was well absorbed and there was further accumulation. Small investors have been purchasers of stocks on a moderate scale. According to one authority, purchases of odd lots of stocks during the week exceeded sales by 45 per cent.

Developments in the investment market are interesting. While there has been no important increase in value in listed bonds or any wide movement in prices, the demand for new note issues has continued to expand in striking fashion. Last week an issue of \$50,000,000 of Bethlehem Steel Corporation 7 per cent serial notes was taken with a rush and the War Finance Corporation, which had expected to take \$20,000,000, found its assistance not required. An issue of \$10,000,000 7 per cent notes of the Cudahy Packing Company went equally as well, the bankers making the offering selling the entire amount within fifteen hours. Buying of these new note issues is coming from individual investors and institutions, which look upon the high yield rates as exceedingly attractive, even in these times of abnormally high interest charges. In view of the success of the financing done last week, it is probable that further corporate loans will likely be floated between now and the next Liberty Loan offering.

In the market for listed bonds the war news resulted in a sharp rise in foreign government issues, notably Anglo-French 5s of 1915 and the City of Paris 6s. The Anglo-French issue advanced to a new high price for the year, while the City of Paris notes rose nearly 7 points in two days, just barely falling short of 90. On the decline of last year the Paris issue sold below 80. Domestic municipal bonds continue in good demand owing to their tax-exempt feature, which makes them increasingly popular with people of means in view of the

prospect of a large increase in the Federal taxes.

Firmness continued as the outstanding feature of the money market at this center. Banks had to limit their offerings of credit accommodation because of the heavy demands made upon their resources by the government. Bankers do not look for any important change in the money market for some time to come, although they consider it not unlikely that rates may ease off temporarily. There is confidence in the ability of the banks to meet the situation, strengthened by the splendid way in which the money market has been handled through the recent trying period of Federal tax payments. During the past week the bankers' money committee was active with offerings, thereby preventing the call money rate from going above 6 per cent at the Stock Exchange.

The situation in the market for fixed date funds remained virtually unchanged. The government made some very heavy withdrawals from its deposit account with the banks and at the same time new subscriptions were entered to the recent new issue of certificates of indebtedness, so that the combination of circumstances resulted in a large shifting of funds. As a result the banks made greater use of the rediscount privilege with the Federal Reserve Bank. That the banking institutions in this district are doing their share in helping the Treasury with its temporary financing is indicated in the subscription figures of the last certificates issue, which show that the local district banks took \$273,219,000 of the total of \$750,000,000, whereas the quota was \$254,000,000.

Building Outlook Better

Signs of returning confidence in the future of building as an industry were further indicated last week as the direct result of the turn in the tide of battle, according to "The Dow Service Daily Building Reports."

One indication of changed attitude of leaders in the industry at the week-end, was the fact that the Treasury Department made the weekly allotment of certificates of indebtedness to the Building Committee instead of \$700,000,000. Still another was the report that the next Liberty Loan drive would begin on September 25 and would cover a period of three weeks instead of four, the trade believing that the earlier date would permit more time for the building market to get into its winter stride and would leave it free from interference.

Still another factor playing favorably into the building market is the fact that tax returns are now out of the way and that crop moving financing has been handled more expeditiously than usual. Varying opinion is expressed regarding the effect the reported plan of the Capital Issues Committee to assume supervision of all transactions of \$1,000 or over will have upon necessary alterations and new construction work. This is practically the way the situation was viewed by members of the Building Material Exchange and the Building Trades Employers' Association of New York City. "If the Federal control of business transactions involving \$1,000 or more will help to win the war, we are for it. If it will help to retard the paying of the war bill, however, by making it difficult to transact ordinary business affairs, we think it would be very desirable for the Capital Issues Committee to consider well its action. But word comes to us that it is not the policy of the committee to exercise this prerogative in any but a supervisory manner. As it applies to building construction, it may prove to work out to the temporary advantage of the building trade in preventing indiscriminate speculative building in sections where new construction could not contribute toward the winning of the war. It will depend very largely upon the necessities for financial conservation during the trying times when the Allied armies draw closer around Berlin and stamper the market for the meager supplies of materials on hand. The fact that Senator Calder has been working in close harmony with the Treasury Department and with the Capital Issues Committee in relation to this, the second largest industry in the country, leads us to believe there is little cause for apprehension regarding the exercise of repressive power by this recently organized body at the present time."

Peering Into the Future of International Trade Relations

Efficiency and Coordination of Government, Business and Finance as Necessary as It Is to Success on the Battle Field

THAT American success in this war and in the world of peaceful trade which is to follow can be regarded as reasonably safe only if in production, in manufacture, in distribution, in finance and in government there be developed the same qualities of efficiency and coordination which we recognize as indispensable to the success of armies in the field, is the opinion of G. A. O'Reilly, foreign trade representative of the Irving National Bank.

The whole subject of trade and the war and its bearing on the United States was discussed at length recently by Mr. O'Reilly in an address delivered in Cleveland, Ohio, before the Advertising Club of that city. He said:

It would be a reckless judgment indeed which would presume to describe the effect of the present world war upon American trade or upon the trade of any country. The greatest difficulty is not that we are unable to foretell the disturbances which the world and world trade will sustain between the present time and the end of the war, but that we are unable to measure the probable extent to which the war will be affected by war-created disturbances which already have taken place. In our estimate of the future this point is in danger of being overlooked. Interest has been so absorbed in considering direct war activities that but few realize how radically lateral war activities have changed the world of trade and commerce. Even now, before any process of war readjustment has been thought of, the whole normal oldtime trade currents of the world have been changed and shifted about in a manner as to destroy most of the formerly reliable and time-honored trade marks and guide posts upon which the commercial world has been accustomed to depend.

This is due in part to the fact that the abnormal demands of war have forced the markets of the world almost exclusively to follow the geography of war, and, in part, to the new international commercial relations which have grown out of political alliances based upon war necessity.

These disturbances and defections of the former currents of trade are not, however, the only elements which make difficult the task of measuring the effect of the war upon the commerce of the future.

Savage Instincts In High Places

There also must be considered the war-wrought destruction of the things which during the centuries men have created for the use of the world. The world which this war has seriously upon trade after the war is certain, although just how seriously and in what manner are questions which can be decided only by the development of time.

During the long period of peace and civilized warfare which preceded the present world tragedy there had developed a theory under which individuals and nations and institutions found reasonable security in conventions to which civilized nations had subscribed. Laws controlling the conduct of war were enacted and came of common acceptance throughout the civilized world. Treaties were entered into, thereby more specifically defining the mutual rights of nations and more clearly establishing the world rights which came to individuals through nationality.

Religious creeds, schools of philosophy, codes of ethics, and most generally developed, and in times of war, the method of the past, in which the sale and distribution of goods were entrusted to foreign agents, selected frequently from among our most active competitors. We must increase our national commercial horizon—must broaden our national commercial point of view—must realize that foreign trade, and particularly the foreign trade of the future, is sufficiently serious and valuable and difficult to handle to require a more complete and more systematic treatment and to be supplied from a production planned with particular reference to the requirements of foreign trade, and not as at present from a perhaps accidental supply remaining after the requirements of a domestic trade have been provided for.

Above all, we must nationalize our trade, our methods, our processes, and, to our greatest consistent extent, our contact with both foreign customers and competitors.

While plans of the trade for the future must be built upon knowledge which only the developments of the future can bring, we at least can build in the present so strongly as to provide against whatever dangers may come. In other words, America should extend her preparedness programme to the world of trade, the future of which is full of immense possibilities.

Future Trade

A World Trade
If we are to do justice to the opportunities which the world trade of the future holds for us, whatever they may be, we must provide ourselves, Mr. O'Reilly believes, with a much more modern and more complete equipment than that which we have developed in the past—must realize that, whatever our disposition, American trade and the future world trade must be built upon a plan which will recognize world needs. We must impart to our producing machinery a quality of efficiency which will enable us to compete with special demands of particular foreign markets, and at the same time take full advantage of our proved genius for production along standardized lines.

We must develop a foreign credit equipment, not necessarily along English, French or German lines, but along sound and stable lines, so that in world competition we may be able to extend to desirable foreign customers, safely and consistently, whatever credit consideration may be required in securing or holding the particular trade in which we are interested.

We must possess and control a complete trading proposition instead of one in which profitable details are farmed out to others, as was the case before the war. For illustration in connection with these contracts arising in connection with the war, American tribunals should be consulted at least as seriously as those of any other country.

We must develop American exchange and trade facilities, the world to be educated the market, the world to be educated the market, the world to be educated the market. Dollar exchange looks

ed national rights—broken national promises—reputation of national obligations—disregard of the rules of civilized warfare—a reign of inhumanity? Can the clock of the world morality be turned back again at will to the point at which it stood when the Belgian frontier was crossed? Will the spectacle of a Christian nation of artistic assumptions ruthlessly destroying the temples of religion and art easily be forgotten? Mr. O'Reilly does not attempt to answer these questions.

There is nothing in war as such, or in the fact of men killing other men in the conflict of world trade, to engender national or even individual hatreds. Men meet and fight—and win or lose—and again take up the peaceful struggles of life, anxious not to remain apart because of former differences, but to come together again upon a new basis of peaceful relationship, in which each may enjoy the full measure of benefit to which he is entitled.

It would seem, though, that the present war has brought with it so much of terrible and inhumanity, that the principles even of war, that it would be unsafe to trust the future to build peace or otherwise—upon the assumption that in ten years, or a hundred, or ever, the warring nations can come together again in the delightful oldtime relationship which made the world such a wonderful place in which to live.

This somewhat exhaustive treatment of difficulties to be encountered in determining after-the-war world trade possibilities finds its justification in the fact that if we are to build safely for the future we must build upon a foundation of peace, which will include not all, necessarily, but at least a large part of the dangers reasonably to be anticipated.

In the first place, and of course with proper deference to patriotic considerations, we must treat the war as a business matter—not business in the sense that our participation in it in any way is based upon business considerations, or that any individual should derive business advantages from it, or that any nation should expect to win financial advantage from it, but in the sense that the war is a worthy cause, but business in the sense that the best interests of our nation, both in the war and in the world afterward, demand from us both direct and indirect war effort the class of action which recognizes only the highest quality of business method and procedure.

Business Methods And War Success

The actions of many highly patriotic citizens would seem to indicate that they have an entirely erroneous impression concerning the relation between business method and war success. They seem to believe that some quality of patriotism not clearly defined required that when we entered the war we should abandon the commercial methods of the world, and, in the future, even the instincts of self-preservation, which enter into and are indispensable to highest success during normal times.

This view is not only wrong, but pernicious in the extreme. There is nothing whatever in either the nature or the magnitude of the demands of war which need force us to abandon fundamentals unless it be the instinct of a correct general sense of the world, which is larger and more important than they. True, we are not accustomed to associate the idea of national patriotism with the delicate care of the method of the past, in which the sale and distribution of goods were entrusted to foreign agents, selected frequently from among our most active competitors. We must increase our national commercial horizon—must broaden our national commercial point of view—must realize that foreign trade, and particularly the foreign trade of the future, is sufficiently serious and valuable and difficult to handle to require a more complete and more systematic treatment and to be supplied from a production planned with particular reference to the requirements of foreign trade, and not as at present from a perhaps accidental supply remaining after the requirements of a domestic trade have been provided for.

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New Japanese Ship Line

The Nippon Yusen Kaisha, or Japanese Mail Steamship Company, will establish service to South America, according to the latest consular report from Rio de Janeiro. The Osaka Mercantile Steamship Company has maintained a regular line between Japan and South America since last year. Since 1912 the Japanese Mail Steamship Company has been sending ships to Brazil at frequent intervals, but without regular schedule. However, in February, 1918, due to the great increase in Japanese trade with Brazil, this company decided to establish a regular steamship service, with vessels at intervals of two months. These ships will be routed via South African ports, and will touch at Rio de Janeiro, Santos and Buenos Aires.

Canadian Insurance Figures

At the beginning of the new July fiscal year insurance companies doing business in Canada, including British and American corporations, had assets totalling \$596,780,404. The income obtained in 1917 in Canada by insurance companies operating there amounted to \$156,000,000, or \$41,000,000 more than their expenses in the Dominion. Life insurance companies gained \$30,000,000 in income during the last fiscal year, compared with the total for the previous one. Contracts now in force total \$1,585,000,000, an increase of \$162,000,000.

New Federal Reserve Banks

The latest state banks to be admitted to the Federal Reserve system include the Scandinavian-American Bank of Astoria, Ore., capital \$100,000; Security State Bank of Portales, New Mexico, capital \$25,000; Deposit Bank of Winona, Minn., capital \$400,000; Sparta State Bank, Cromwell, Ind., capital \$37,500; and the Peru Trust Company of Peru, Ind., capital \$100,000.

Market Barometers

Stock Exchange Transactions

Stocks	Other	All
Railroads	183,900	2,112,600
Industrials	246,200	2,986,600
Year ago	362,700	3,472,500
Year ago	362,700	3,472,500

January 1 to date:	1918.	1917.
U. S. gov.	\$548,015,000	\$31,100,000
Railroads	82,190,000	176,684,000
Others	200,226,000	342,472,000
All bonds	830,431,000	550,236,000

Bonds			
	Last week.	Week before.	Year before.
U. S. gov.	\$20,343,000	\$17,786,000	\$3,398,000
Mun. bonds.	3,374,000	2,696,000	3,648,000

hers..	7,027,000	5,002,000	4,177
k'ds.	30,744,000	25,484,000	11,223
January 1 to date:			
	1918.	1917	
	224,215,000	221,122	

U. S. gov.....	\$548,015,000	\$31,100
Railroads	82,190,000	176,664
Others	200,226,000	342,472
Total bonds.....	830,431,000	550,236

Stocks			
Last week.		Week before.	
High.	Low.	High.	Low.
U. S. gov. 100 100 100 100			
Railroads 100 100 100 100			
Others 100 100 100 100			
All stocks 100 100 100 100			

Railroads	70.55	69.95	70.70	70.30
Industrials	83.60	81.47	83.33	81.83
Stocks	78.86	78.12	78.26	77.28
Bonds				
	Last week.		Week bef	

	High.	Low.	High.	Low.
Railroads ..	78.87	78.57	78.80	78.57
Industrials..	91.06	90.93	91.06	90.93
Utilities ...	83.30	83.20	83.86	83.20
Bonds	84.59	84.47	84.72	84.47

(Same week last year)	
Stocks	
	High.
Railroads	82.00
Industrials	80.22

Industrials	90.33	88
Stocks	87.00	88
Bonds		
	High.	Low.
Railroads	87.17	88

Industrials	93.56	9
Utilities	94.25	9
Bonds	91.25	9
January 1 to date:		
Stocks		

	1918.		1917.	
	High.	Low.	High.	Low.
Railroads	71.20	66.12	89.35	77.10
Industrials	85.17	73.37	97.40	84.10
Stocks	79.59	70.30	91.24	81.10

Bonds				
	1918.		1917.	
	High.	Low.	High.	Low.
Railroads	81.83	78.55	93.80	80.00

Industrials	91.82	87.40	95.80	9
Utilities ...	89.02	82.96	101.48	9
Bonds	86.23	84.48	96.52	9

...y good just now, during the war, when it occupies a preferred and controlling commercial position, but it is a rash financial move for a man who will express more than the hope that it will look equally good after the war, when the commercial machinery

nations has been released and fighting and world competition again the same facts.

We must develop an American merchant marine which will enable us to put our goods into the markets of the world.